Saskatchewan Financial Services Commission
Pensions Division

HIGHLIGHTS OF *THE PENSION BENEFITS AMENDMENT REGULATIONS, 2002*

Introduction

The Pension Benefits Regulations, 1993 (Regulations) were amended by *The Pension Benefits Amendment Regulations, 2002* effective April 1, 2002. The amendments give retirees greater control over managing their retirement savings by allowing the transfer of locked-in assets to a Registered Retirement Income Fund (RRIF) that complies with Section 29.1 of the Regulations.

The option is available to former pension plan members who have money in a Locked-In Retirement Account (LIRA) contract and are eligible to retire, and to individuals with existing Life Income Fund (LIF) and Locked-In Retirement Income Fund (LRIF) contracts. Pension plans are permitted, but not required, to offer a RRIF as an option at retirement.

Highlights of the changes are:

- Sections 30 and 31 of the Regulations are repealed and replaced by Section 29.1.
- There is no maximum withdrawal limit under a RRIF.
- A consent form must be signed by the spouse before money may be transferred to a RRIF.
- A spouse may waive his or her designated beneficiary status under a RRIF.
- Financial institutions are no longer required to file specimen documents with the Pensions Division when they wish to market a LIRA or a RRIF that will accept locked-in money subject to *The Pension Benefits Act, 1992.*

Amendments Required to Existing LIRA Contracts

The Pension Benefits Amendment Regulations, 2002 introduced several changes to the provisions governing LIRA contracts under Section 29 of the Regulations. As a result, existing LIRA contracts must be amended in order to allow for a transfer of assets to the new prescribed RRIF.

New RRIF Contract Required

Sections 30 and 31 of the Regulations were repealed by *The Pension Benefits Amendment Regulations, 2002.* Consequently, a new RRIF contract that complies with Section 29.1 of *The Pension Benefits Amendment Regulations, 2002* must be established prior to the transfer of assets from a LIRA, an existing LIF or LRIF or from a pension plan.

Age Requirement to a Transfer to a RRIF

In order to transfer money to a RRIF from a pension plan, the member must meet the plan's early retirement provision. Former members may transfer money from a LIRA to a RRIF at the earlier of age 55 or the early retirement age established by the pension plan where the money originated.

Spouse's Consent Required to Transfer Money to a RRIF

Because there is no limit to the amount that may be withdrawn from the RRIF, a consent form must be signed by the spouse of a pension plan member or LIRA, LIF or LRIF contract owner prior to the transfer of money to a RRIF. The consent form for this purpose, Form 1 - Spouse's Consent to Transfer to a Registered Retirement Income Fund Contract, is prescribed by subclause 29.1(4)(b)(ii) of the Regulations and can be found at the end of this bulletin.

Pension plan administrators and financial advisors should ensure that the spouse is fully informed of his or her entitlement to the survivor benefit provided under section 34 of *The Pension Benefits Act, 1992*, and is aware of the implications of signing the consent form.

It is the responsibility of the pension plan administrator or the financial institution that issued the LIRA, LIF or LRIF contract, to ensure that the consent form is executed properly and retained on file prior to transferring funds to a RRIF. Please refer to the instructions provided with Form 1 for details concerning the execution of the form.

Designation of Beneficiary under a RRIF

Clause 29.1(4)(h) of the Regulations requires that the owner of a RRIF contract designate his or her spouse as beneficiary of the contract. The definition of "spouse" under clause 2(1)(ff) of *The Pension Benefits Act, 1992* is:

> "(ff) **"spouse"** means:
>
> (i) a person who is married to a member or former member; or
>
> (ii) if a member or former member is not married, a person with whom the member or former member is cohabiting as spouses at the relevant time and who has been cohabiting continuously with the member or former member as his or her spouse for at least one year prior to the relevant time."

A spouse of a RRIF contract owner may waive his or her designated beneficiary status by signing a waiver. The waiver form for this purpose, Form 2 - Spouse's Waiver of Designated Beneficiary Status, is prescribed by clause 29.1(4)(h) of the Regulations, and can be found at the end of this bulletin.

The waiver form must be signed before the death of the RRIF contract owner and must be filed with the financial institution that issued the RRIF contract. A spouse may revoke a signed waiver at any time prior to the death of the RRIF contract owner, by providing written notice to the financial institution that issued the RRIF contract.

If the money in a RRIF contract is transferred to a RRIF contract issued by another financial institution, the contract owner must ensure that the signed waiver, if applicable, accompanies the transfer of assets.

Waiver of 60% Post-Retirement Survivor Benefit

Section 34 of *The Pension Benefits Act, 1992* provides for the payment of a survivor benefit equal to at least 60% of the pension paid to the former member upon the death of the former member. The spouse may waive his or her entitlement to the 60% survivor benefit within the 90 day period immediately prior to the commencement of pension payments.

A signed waiver form is required if a former member or contract owner elects a single life annuity or an annuity with a survivor benefit of less than 60%. The waiver form for this purpose, Form 3 - Spouse's Waiver of 60% Post-Retirement Survivor Benefit, is prescribed by subsection 34(4) of the Act, and can be found at the end of this bulletin.

Pension plan administrators and financial advisors should ensure that the spouse is fully informed of his or her entitlement to the survivor benefit provided under section 34 of *The Pension Benefits Act, 1992*, and is aware of the implications of signing the waiver form.

It is the responsibility of the pension plan administrator or the financial institution that issued the LIRA or RRIF contract, to ensure that the waiver form is executed properly and retained on file. Please refer to the instructions provided with Form 3 for details concerning the execution of the form.

For additional information please contact:

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Saskatchewan Financial Services Commission
Pensions Division

Form 1
[Subclause 29.1(4)(b)(ii)]
SPOUSE'S CONSENT TO TRANSFER TO A REGISTERED RETIREMENT INCOME FUND CONTRACT

I,_____
(print or type full name of spouse)

certify that I am the spouse (within the meaning of clause 2(1)(ff) of *The Pension Benefits Act, 1992*) of

_____
(print or type full name of member or former member)

(hereinafter called "the owner") who is a member or former member of a registered pension plan that is subject to the provisions of *The Pension Benefits Act, 1992*.

1. I understand that the owner wants to transfer his or her pension benefit entitlement to a registered retirement income fund contract (hereinafter called "the contract") in accordance with section 29.1 of *The Pension Benefits Regulations, 1993*, and that my written consent is required to enable the owner to make the transfer.

2. I understand that transferring the pension benefit entitlement to the contract will allow the owner to manage the money in the contract, subject to the minimum annual withdrawal payment required by the *Income Tax Act* (Canada).

3. I also understand that there is no maximum withdrawal restriction imposed under the contract and that the owner may withdraw part or all of the balance of the money in the contract at any time.

4. I certify that this consent is being signed freely and voluntarily without any compulsion on the part of the owner and outside the immediate presence of the owner.

In witness whereof, I sign this consent at _____

this _____ day of _____20 ____ in the presence of

_____
(print or type name of witness)

of _____
(address of witness)

_____ _____
(Signature of witness) *(Spouse's signature)*

COMMENTS AND INSTRUCTIONS
FORM 1
SPOUSE'S CONSENT TO TRANSFER TO A REGISTERED RETIREMENT INCOME FUND CONTRACT

This consent must be completed by the spouse of a member or former member (hereinafter called "the owner") of a pension plan that is subject to the provisions of *The Pension Benefits Act, 1992* (the *Act*), where the owner wishes to transfer his or her pension benefit entitlement to a registered retirement income fund contract.

A registered retirement income fund contract has no limit on the amount of annual income that may be withdrawn. The owner could withdraw the entire balance in the contract leaving the spouse with no survivor benefit payable on the death of the owner. Prior to signing this consent form, the spouse should seek the advice of a lawyer and a qualified financial advisor.

Under *The Pension Benefits Act, 1992*, a spouse is the spouse of a former member at the day on which the pension is payable to the former member. "Spouse" means:

(a) a person who is married to a member or former member; or

(b) if a member or former member is not married, a person with whom the member or former member is cohabiting as spouses at the relevant time and who has been cohabiting continuously with the member or former member as his or her spouse for at least one year prior to the relevant time.

This consent must be completed and signed by the spouse if the owner has assets in:

- a registered pension plan;
- a locked-in retirement account contract;
- a life income fund contract; or
- a locked-in retirement income fund contract

and the owner wishes to transfer to a registered retirement income fund contract.

The consent must be:

- completed in its entirety;
- signed by the spouse, in the presence of a witness, outside of the immediate presence of the owner; and
- filed with:

  (a) the administrator of the registered pension plan if the assets are still held by the plan; or

  (b) the financial institution that issued the locked-in retirement account contract, the life income fund contract or the locked-in retirement income fund contract holding the assets of the owner.

We strongly urge the spouse to seek independent legal advice before signing this consent.

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Form 2
[Clause 29.1(4)(h)]
SPOUSE'S WAIVER OF DESIGNATED BENEFICIARY STATUS

I, _____
(print or type full name of spouse)

certify that I am the spouse (within the meaning of clause 2(1)(ff) of *The Pension Benefits Act, 1992*) of

_____
(print or type full name of owner of registered retirement income fund contract)

(hereinafter called "the owner") who is the owner of a registered retirement income fund contract (hereinafter called "the contract") that is subject to the provisions of *The Pension Benefits Act, 1992.*

1. I understand that, in the absence of this waiver, on the death of the owner, I am entitled to the balance of the money in the contract, to the extent permitted by the *Income Tax Act* (Canada).

2. I understand and declare that, by signing this waiver and filing it with the issuer of the contract:

(a) I am giving up my status and rights as designated beneficiary; and

(b) on the death of the owner, the balance of the money in the contract will be paid, to the extent permitted by the *Income Tax Act* (Canada):

(i) to the beneficiary designated by the owner if the designated beneficiary is a person other than myself; or

(ii) to the personal representative of the owner's estate in his or her representative capacity if there is no valid designation of a beneficiary.

3. I certify that this waiver is being signed freely and voluntarily without any compulsion on the part of the owner and outside the immediate presence of the owner.

4. I understand that I may revoke this waiver at any time by providing written notice to the issuer of the contract.

In witness whereof, I sign this waiver at _____

this _____ day of _____ 20 ____ in the presence of

_____
(print or type name of witness)

of _____
(address of witness)

_____ _____
(Signature of witness) *(Spouse's signature)*

COMMENTS AND INSTRUCTIONS
FORM 2
SPOUSE'S WAIVER OF DESIGNATED BENEFICIARY STATUS

This waiver must be completed by the spouse of the owner of a registered retirement income fund contract (hereinafter called "the contract") where the spouse wishes to waive his or her designated beneficiary status under clause 29.1(4)(h) of *The Pension Benefits Regulations, 1993*. The waiver must be completed before the death of the owner of the contract and filed with the issuer of the contract. The waiver may be revoked by the spouse at any time before the owner's death by providing written notice to the issuer of the contract.

By completing and signing this waiver, the spouse waives his or her entitlement to the assets remaining in the contract on the death of the owner and allows the owner to designate a beneficiary of his or her choice. Prior to signing this waiver, the spouse should seek the advice of a lawyer and a qualified financial advisor.

Under *The Pension Benefits Act, 1992*, a spouse is the spouse of a former member at the day on which the pension is payable to the former member. "Spouse" means:

(a) a person who is married to a member or former member; or

(b) if a member or former member is not married, a person with whom the member or former member is cohabiting as spouses at the relevant time and who has been cohabiting continuously with the member or former member as his or her spouse for at least one year prior to the relevant time.

The waiver must be:

- completed in its entirety;
- signed by the spouse, in the presence of a witness, outside of the immediate presence of the owner; and
- filed with the issuer of the contract.

If the owner transfers the money in the contract to a contract issued by another financial institution, a copy of the completed waiver must be provided to that institution by the owner.

We strongly urge the spouse to seek independent legal advice before signing this waiver.

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Form 3

[Subsection 34(4) of *The Pension Benefits Act, 1992*]

SPOUSE'S WAIVER OF 60% POST-RETIREMENT SURVIVOR BENEFIT

I,_____

(print or type full name of spouse)

certify that I am the spouse (within the meaning of clause 2(1)(ff) of *The Pension Benefits Act, 1992*) of

_____

(print or type full name of member or former member)

(hereinafter called "the pensioner") who is a member or former member of a registered pension plan that is subject to the provisions of *The Pension Benefits Act, 1992*.

1. I understand that, in the absence of this waiver, on the death of the pensioner, I am entitled to a pension of at least 60% of the original amount of the pension payable to the pensioner;

2. I also understand and declare that, by signing this waiver:

   (a) I am giving up my entitlement, on the death of the pensioner, to a pension of at least 60% of the original amount of the pension payable to the pensioner;

   (b) I am permitting the pensioner to receive a pension that does not comply with section 34 of *The Pension Benefits Act, 1992*; and

   (c) on the death of the pensioner, I may receive no pension or may receive a pension of less than 60% of the original amount of the pension payable to the pensioner.

3. I certify that this waiver is being signed freely and voluntarily without any compulsion on the part of the pensioner and outside the immediate presence of the pensioner.

4. I understand that this waiver is not valid if it is signed more than 90 days before pension commencement.

5. I understand that I may revoke this waiver at any time before pension commencement by providing written notice to the administrator of the pension plan or issuer of the contract, as the case may be.

In witness whereof, I sign this waiver at _____

this _____ day of _____ 20 ____ in the presence of

_____

(print or type name of witness)

of _____

(address of witness)

_____ _____

(Signature of witness) *(Spouse's signature)*

COMMENTS AND INSTRUCTIONS
FORM 3
SPOUSE'S WAIVER OF 60% POST-RETIREMENT SURVIVOR BENEFIT

This waiver must be completed by the spouse of a member or former member (hereinafter called "the pensioner") of a pension plan, that is subject to the provisions of *The Pension Benefits Act, 1992* (the *Act*), where the spouse wishes to waive his or her entitlement to the post-retirement survivor benefit provided under section 34 of the *Act.*

The post-retirement survivor benefit provided under the *Act* ensures that, on the death of a pensioner, the surviving spouse will continue to receive a lifetime benefit of at least sixty per cent of the pension that was being paid to the pensioner. The pensioner may elect a pension that does not offer this survivor benefit only if the spouse completes and signs this waiver.

Under *The Pension Benefits Act, 1992*, a spouse is the spouse of a former member at the day on which the pension is payable to the former member. "Spouse" means:

(a) a person who is married to a member or former member; or

(b) if a member or former member is not married, a person with whom the member or former member is cohabiting as spouses at the relevant time and who has been cohabiting continuously with the member or former member as his or her spouse for at least one year prior to the relevant time.

This waiver must be completed and signed by the spouse if the pensioner has assets in:

- a registered pension plan;
- a locked-in retirement account contract; or
- a registered retirement income fund contract;

and the pensioner wishes to elect a form of pension that does not provide the spouse with a survivor benefit of at least sixty per cent of the pension payable to the pensioner.

The waiver must be:

- completed in its entirety;
- signed outside of the immediate presence of the pensioner;
- signed by the spouse and witnessed not earlier than 90 days prior to the date that the pension payments are to commence; and
- filed with:

  (a) the administrator of the registered pension plan if the assets are still held by the plan; or

  (b) the financial institution that issued the locked-in retirement account contract or the registered retirement income fund contract holding the assets of the pensioner.

The waiver may be revoked at any time prior to the commencement of the pension payments by providing notice in writing to the administrator of the registered pension plan or the issuer of the contract.

We strongly urge the spouse to seek independent legal advice before signing this waiver.